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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte STEVEN N. TISCHER

Appeal 2016-001799
Application 11/638,273¹
Technology Center 3600

Before MICHAEL J. STRAUSS, MICHAEL M. BARRY, and
MICHAEL J. ENGLE, *Administrative Patent Judges*.

ENGLE, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from a final rejection of claims 1, 3, 8, 10, 12, 14, 19, and 21, which are all of the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

Technology

The application relates to an “auction” for “an advertisement time slot.” Spec. Abstract.

Illustrative Claim

Claim 1 is illustrative and reproduced below with certain disputed limitations emphasized:

¹ According to Appellant, the real party in interest is AT&T Intellectual Property I, L.P. App. Br. 3.

1. A method of managing an advertisement time slot, comprising:

receiving, at a server, a scheduled lineup of digital programming content having an advertisement fixed into the advertisement time slot, the scheduled lineup of digital programming content scheduled for broadcast;

receiving, by the server, a categorization of the advertisement time slot as one of overrideable and non-overrideable, an overrideable categorization allowing the advertisement to be replaced in the advertisement time slot with a different advertisement, and a non-overrideable categorization not allowing replacement of the advertisement in the scheduled lineup of digital programming content, such that the advertisement is electronically transmitted in the advertisement time slot during the broadcast;

conducting, by the server, an online auction for the advertisement time slot;

sending, by the server, rating information to different advertisers that describes a popularity of content associated with the advertisement time slot;

determining, by the server, a winning bid from a winning advertiser of the different advertisers;

determining, by the server, that the winning advertiser categorized the advertisement time slot as being of the overrideable categorization;

associating, by the server, the advertisement time slot to multiple advertisements of the winning advertiser;

replacing, by the server, the advertisement in the scheduled lineup with one of the multiple advertisements of the winning advertiser; and

broadcasting, from the server, an overridden lineup having one of the multiple advertisements of the winning advertiser inserted into the advertisement time slot.

Rejections

Claims 1, 3, 8, 10, 12, 14, 19, and 21 stand rejected under 35 U.S.C. § 101 as being directed to ineligible subject matter. Final Act. 2–3.

Claims 1, 3, 8, 10, 12, 14, 19, and 21 stand rejected under 35 U.S.C. § 103(a) as obvious over the combination of Kitayama et al. (US 2002/0169709 A1; Nov. 14, 2002), Bykowsky et al. (US 2002/0013757 A1; Jan. 31, 2002), and Whymark (US 2004/0015400 A1; Jan. 22, 2004). Final Act. 4–8.

ISSUES

1. Did the Examiner err in concluding claim 1 is directed to ineligible subject matter under § 101?
2. Did the Examiner err in finding the combination of Kitayama, Bykowsky, and Whymark teaches or suggests “associating, by the server, the advertisement time slot to multiple advertisements of the winning advertiser,” as recited in claim 1?

ANALYSIS

Subject Matter (§ 101)

Section 101 defines patentable subject matter: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. The Supreme Court, however, has “long held that this provision contains an important implicit exception” that “[l]aws of nature, natural phenomena, and abstract ideas are not patentable.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012)

(quotation omitted). To determine patentable subject matter, the Supreme Court has set forth a two-part test. *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014).

A) Step One of the § 101 Analysis

“First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts” of “laws of nature, natural phenomena, and abstract ideas.” *Alice*, 134 S. Ct. at 2355. A court must be cognizant that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas” (*Mayo*, 566 U.S. at 71), and “describing the claims at . . . a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1337 (Fed. Cir. 2016). Instead, “the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

The Examiner concludes “the claims are directed towards a processor-implemented method . . . of managing an advertisement time slot using an auction model, which represents an abstract idea inasmuch as such activity is considered a method of organizing human activity and/or a fundamental economic practice of advertising.” Ans. 4.

Appellant argues “the Examiner puts forth **no evidence** to support the *prima facie* case.” App. Br. 8. We are not persuaded by Appellant’s argument. “Issues of patent-eligible subject matter are questions of law and are reviewed without deference.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1369 (Fed. Cir. 2011).

Here, auctions and advertising—and even auctioning for ad slots—are each “a fundamental economic practice long prevalent in our system of commerce” and “a building block of the modern economy.” Ans. 4–5; Final Act. 3; *Alice*, 134 S. Ct. at 2356. Indeed, the Federal Circuit has found various forms of advertising were directed to an abstract idea in at least two precedential cases. *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015) (tailoring of advertisements); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–15 (Fed. Cir. 2014) (“using advertising as an exchange or currency”). Similarly, in at least one case, the Federal Circuit affirmed under Rule 36 the PTAB’s conclusion that claims related to a reverse auction were directed to an abstract idea. *America’s Collectibles Network, Inc. v. Jewelry Channel, Inc. USA*, 672 F. App’x 997 (Fed. Cir. 2017) (unpublished), *aff’ing per curiam*, 2014 WL 5386840, at *11 (PTAB Oct. 20, 2014); *see also* Ans. 4–6 (analogizing the present application to other cases). The background section of the Specification also explains that advertising has been conventional and routine at least as far back as the radio. Spec. ¶¶ 4, 6, 15. Moreover, the Federal Circuit has held that “[a]dding one abstract idea . . . to another abstract idea . . . does not render the claim non-abstract.” *RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017). Thus, the combination of an auction for advertising, without more, is directed to an abstract idea.

Appellant is incorrect that the Examiner must apply some “required preemption analysis” beyond the *Alice/Mayo* framework. Reply Br. 7. “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa*

Diagnostics, Inc. v. Sequenom, Inc., 788 F.3d 1371, 1379 (Fed. Cir. 2015).

“Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Id.*

Thus, Appellant has not persuaded us that the Examiner erred in determining the claims were directed to an abstract idea.

B) Step Two of the § 101 Analysis

In the second step, we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78). The Supreme Court has “described step two of this analysis as a search for an ‘inventive concept’—*i.e.*, an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.” *Id.* (quotation omitted).

Appellant argues that the claims recite “significantly more” than an abstract idea because three limitations are “not taught or suggested by the cited [prior art] documents.” App. Br. 9. The requirements for patentable subject matter in § 101, however, are distinct from the requirements of novelty in § 102 and non-obviousness in § 103. For example, “under the *Mayo/Alice* framework, a claim directed to a newly discovered law of nature (or natural phenomenon or abstract idea) cannot rely on the novelty of that discovery for the inventive concept necessary for patent eligibility.” *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016); *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981).

Appellant further contends “these heretofore-unknown features persuasively indicate an ‘improvement’ in multiple ‘technical field[s]’ of content delivery, targeted advertising, and dynamic auctioning.” App. Br. 11. We agree with the Examiner, however, that the claimed components and steps constitute “a generic computer performing generic functions.” Ans. 6–7. Although the claims recite the steps are performed at, by, or from “a server,” the Federal Circuit has “repeatedly held that such invocations of computers and networks that are not even arguably inventive are insufficient to pass the test of an inventive concept in the application of an abstract idea.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1355 (Fed. Cir. 2016) (quotation omitted). This is because “with the exception of generic computer-implemented steps, there is nothing in the claims themselves that foreclose them from being performed by a human, mentally or with pen and paper.” *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1318 (Fed. Cir. 2016). Any “improvements” identified by Appellant are to the abstract idea of auctioning an ad slot, not to the computer itself. Thus, unlike *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014), neither the problem nor the solution is “rooted in computer technology.”

Moreover, Appellant has not sufficiently explained how any of the alleged “improvements” actually add significantly more than the abstract idea. For example, Appellant points to an initial ad being “fixed” into the time slot. App. Br. 11. But as the Examiner correctly points out, other than being replaced by a new ad, “[t]he initial advertisement is not required and is not used in the claimed method” and “[t]here is nothing in the claim teaching that the presence of an advertisement initially fixed to an ad spot alters in

any way this [ad placement] functionality.” Ans. 9. The same is true for associating the ad slot “to multiple advertisements of the winning advertiser.” App. Br. 11. The *only* use of the multiple ads in claim 1 is to put *one* in the scheduled lineup, so it is unclear how the multiple ads add significantly more than the abstract idea. Conclusory attorney argument, without more, is insufficient. *See, e.g., In re Pearson*, 494 F.2d 1399, 1405 (CCPA 1974).

Accordingly, we sustain the Examiner’s § 101 rejection of claim 1, and claims 3, 8, 10, 12, 14, 19, and 21, which Appellant argues are patentable for similar reasons. *See* App. Br. 8–11; 37 C.F.R. § 41.37(c)(1)(iv).

Obviousness (§ 103)

Claim 1 recites “associating, by the server, the advertisement time slot to multiple advertisements of the winning advertiser.” Independent claims 14 and 21 recite commensurate limitations.

The Examiner finds Whymark teaches “an advertisement identification (e.g., ISCI code)” and “an advertiser can edit or revise (e.g., override) any record in the booking details of a previously placed buy order . . . including a particular ISCI code.” Ans. 3. “[I]t is inherent that there are other ISCI codes (*multiple advertisements*) to replace the original advertisement with.” *Id.*

Although we agree with the Examiner that a person of ordinary skill in the art would know something about the art apart from what the references disclose (Ans. 14), that it is inherent that any of multiple advertisements could replace the original advertisement (Ans. 3), and that those multiple advertisements could be from the winning advertiser, the

Examiner has not sufficiently explained how Whymark teaches or suggests *associating* the ad slot to multiple ads of the winning advertiser. *See* App. Br. 15–16. At most, the ad slot in Whymark appears to be associated with only one ad at a time.

Accordingly, we are constrained to reverse the Examiner’s obviousness rejection of independent claims 1, 14, and 21, and their dependent claims 3, 8, 10, 12, and 19.

DECISION

For the reasons above, we affirm the Examiner’s decision rejecting claims 1, 3, 8, 10, 12, 14, 19, and 21 under § 101, but reverse the Examiner’s decision rejecting claims 1, 3, 8, 10, 12, 14, 19, and 21 under § 103.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 41.50(f).

AFFIRMED